

## Message Text

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PAGE 01 BEIRUT 07175 061625Z

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 NEA-10 ISO-00 FEA-01 ERDA-07

AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03

USIA-15 SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00

FRB-01 PA-02 PRS-01 IO-10 /135 W  
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R 061237Z JUN 75

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 4670

INFO AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY VIENNA

USINT BAGHDAD UNN

UNCLAS BEIRUT 7175

EO 11652: N/A

TAGS: ENRG, EFIN, OPEC

SUBJECT: IRAQ OIL MINISTER INTERVIEW

REF: STATE 130768

SUMMARY: IN TRADE PRESS INTERVIEW, OPEC PORTION, IRAQ  
OILMIN MERELY ENDORSED PRINCIPLE OF INFLATION ADJUSTMENT  
AND SAID PURCHASING POWER WOULD BE MAINTAINED BEST BY INDEXING  
OIL PRICES TO BASKET OF FINISHED PRODUCTS AND RAW MATER-  
IALS TRADED INTERNATIONALLY. NO IRAQ INITIATIVES  
REVEALED. END SUMMARY

1. IN INTERVIEW WITH BEIRUT FORTNIGHTLY ARAB OIL AND GASS  
OF JUNE 1, TO MAKR THIRD ANNIVERSAY OF IPC RPT IPC  
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NATIONALIZATION, IRAQ OILMIN KARIM MADE FOLLOWING POINTS

IN RESPONSE QUESTIONS.

2. PARTICIPATION AND (VOLUNTARY) TAKEOVERS: "ROUNDAABOUT SOLUTIONS FOR KEEPING AT BAY AND CHECKING THE NATIONALIZATION MOVEMENT...DO NOT PERMIT LIBERATING THE OIL INDUSTRY AND NATIONAL ECONOMY FROM THE HOLD OF FOREIGN CAPITAL". ARGUMENT THAT PRODUCERS LACK TECHNICAL CADRES IS "A PRETEXT". EXPERTISE PLENTIFUL ON INTERNATIONAL MARKET; IRAQ "READY TO ASSIST ANY ARAB COUNTRY WILLING TO MOVE ON THE WAY OF NATIONALIZATION".

3. IPC NATIONALIZATION: HAS PRODUCED RAPID INCREASE IN OIL REVENUES, ACCELERATED NATIONAL DEVELOPMENT, RAISED LIVING STANDARDS, ENABLED PAN-ARAB COMMERCIAL PROJECTS AND ENCOURAGED THIRD WORLD COUNTRIES SUFFERING FROM FOREIGN DOMINATION.

4. OPEC MINISTERIAL GABON: ASKED IF IRAQ WILL MAKE CONCRETE PROPOSALS, OILMIN SAID US AND IEA ATTEMPTING TO BREAK OPEC UNITY. US WANTS MAINTAIN OIL HEGEMONY AND ITS HOLD ON WESTERN EUROPE AND JAPAN, WHOSE ATTITUDES BEGAN TO CHANGE AFTER OCTOBER WAR. PRIME EXAMPLE US THREATS AND MANEUVERS IS REDUCTION IN (OECD) CONSUMPTION, WHICH "ARTIFICIAL AND TEMPORARY" BUT MAKES OPEC UNITY MORE THAN EVER NECESSARY. ON PRICES, IRAQ BELIEVES THEY SHOULD BE ADJUSTED REFLECT INFLATION. IRAQ OIL CURRENTLY SELLING FOR \$10-11 BUT SINCE LAST YEAR 30-40 PER CENT OF THESE PRICES "EVAPORATING" THROUGH INFLATION AND DOLLAR DECLINE. "BEST WAY IN FUTURE FOR MAINTAINING PURCHASING POWER OF OUR REVENUES IS TO INDEX OIL PRICES TO PRICES OF A BASKET OF INTERNATIONALLY TRADED FINISHED PRODUCTS AND RAW MATERIALS."

5. NEW OIL FINDS NEAR BAGHDAD: GEOPHYSICAL SURVEYS INDICATE PROBABILITY IMPORTANT RESERVES BUT ONLY DRILLING WILL DETERMINE REAL VOLUME.  
GODLEY

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## Message Attributes

**Automatic Decaptioning:** X  
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**Current Classification:** UNCLASSIFIED  
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